

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PA-01 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 7291
INFO ALL EC CAPITALS

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USEEC ALSO FOR EMBASSY
USOECN ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ENRG, UK, EINV, GW
SUBJECT: BRITISH PETROLEUM AND EUROPE

REF: LONDON 8366

1. BRITISH PETROLEUM'S PROPOSED NEW 430 MILLION POUND
STERLING PURCHASE OF VARIOUS CONTINENTAL DOWNSTREAM
ACTIVITIES HAS BEEN WELL COVERED BY THE PRESS: GERMAN
REFINING AND MARKETING CAPACITY FROM VEBA, A ONE-QUARTER
INTEREST IN THE RUHRGAS NATURAL GAS DISTRIBUTION NETWORK,
AND MOST OF UNION CARBIDE'S EUROPEAN CHEMICALS
FACILITIES.

2. BUT U.S. INTERESTS COULD BE INDIRECTLY AFFECTED,
ASIDE FROM THE TRANSFER OF OWNERSHIP OF THE UNION
CARBIDE FACILITIES. ALREADY SUPPORTIVE OF THE EC COMMIS-
SION PROPOSALS TO COORDINATE EUROPEAN OIL REFINERY
CAPACITY (REFTEL), BP HAS MERELY SHIFTED SOME OF VEBA'S
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EXCESS REFINERY CAPACITY TO ITSELF. THIS POSITION, PLUS
THE FACT THAT BP IS NOW A CLOSE PARTNER WITH VEBA (ONE
OF THE FIVE CONTINENTAL OIL COMPANIES ENCOURAGING THE
COMMISSION'S EFFORTS) IS LIKELY TO STIFFEN BP'S RESOLVE
TO PRESS HMG TO COOPERATE WITH THE COMMISSION. U.S.
COMPANIES, FEARFUL OF THE POSSIBLE ANTI-TRUST IMPLICA-
TIONS OF COOPERATING TOO CLOSELY WITH THE COMMISSION,

HAVE BEEN ENCOURAGING HMG TO RESIST.

3. BEYOND THIS, THE NEW CONTINENTAL INVASION BY BP FURTHER INTEGRATES THE ENERGY STRUCTURE OF BRITAIN WITH EUROPE. BP WILL BEGIN TO SUPPLY GAS TO RUHRGAS ONCE CURRENT CONTRACTS EXPIRE IN 1985. BP GAINS DOWNSTREAM PETROCHEMICALS CAPACITY WITH WHICH TO ADDRESS (HOPEFULLY) ITS RECENT CONTINENTAL LOSSES IN BASIC ETHYLENE MANUFACTURE. BP ACQUIRES A WIDER GASOLINE DISTRIBUTION NETWORK FOR ITS NORTH SEA OIL PRODUCTION, AND VEBA GAINS A GUARANTEED SUPPLY OF BP CRUDE OIL FROM THE MIDDLE EAST.

BREWSTER

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Message Attributes

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